RESIN SYSTEMS INC.

Notice of Annual and Special Meeting of Shareholders
December 4, 2003

TO: THE SHAREHOLDERS OF RESIN SYSTEMS INC.

TAKE NOTICE that an Annual and Special Meeting (the "Meeting") of the shareholders (the "Shareholders") of Resin Systems Inc. (the "Corporation") will be held in the Maligne Room of the Mayfield Inn, located at 16615 - 109th Avenue, Edmonton, Alberta, on December 4, 2003 at 2:30 p.m. (Edmonton time), for the following purposes:

1. to receive and consider the audited financial statements of the Corporation for the fiscal year ended August 31, 2002 and the auditors' report thereon;

2. to fix the number of directors of the Corporation to be elected at the Meeting at four (4) members;

3. to elect four (4) directors of the Corporation;

4. to appoint auditors of the Corporation and to authorize the directors of the Corporation to fix their remuneration as such;

5. to consider and, if deemed advisable by Shareholders, to adopt a new share option plan for the Corporation; and

6. to transact such other business as may properly be brought before the Meeting or any adjournment thereof.

The specific details of the matters proposed to be put before the Meeting are set forth in the information circular accompanying and forming part of this Notice.

Shareholders of the Corporation who are unable to attend the Meeting in person are requested to date and sign the enclosed Instrument of Proxy and to mail it to or deposit it with the President and Chief Executive Officer of the Corporation, c/o Alberta Compliance Services Inc., 602, 304 - 8th Avenue S.W., Calgary, Alberta, T2P 1C2. In order to be valid and acted upon at the Meeting, Instruments of Proxy must be returned to the aforesaid address not less than 48 hours (excluding Saturdays, Sundays and holidays) before the time set for the holding of the Meeting or any adjournment thereof.

Shareholders are cautioned that the use of the mail to transmit proxies is at each Shareholder's risk.

The Board of Directors of the Corporation has fixed the record date for the Meeting at the close of business on October 30, 2003 (the "Record Date"). Only Shareholders of record as at that date are entitled to receive notice of the Meeting. Shareholders of record will be entitled to vote those Common Shares included in the list of Shareholders entitled to vote at the Meeting prepared as at the Record Date, unless any such Shareholder transfers Common Shares after the Record Date and the transferee of those Common Shares establishes ownership of such Common Shares and demands, not later than the close of business 10 days before the Meeting, that the transferee's name be included in the list of Shareholders entitled to vote at the Meeting, in which case such transferee shall be entitled to vote such Common Shares at the Meeting.

DATED at Edmonton, Alberta, this 31st day of October, 2003.

BY ORDER OF THE BOARD OF DIRECTORS

(Signed) Greg Pendura
President and Chief Executive Officer

RESIN SYSTEMS INC.

Information Circular - Proxy Statement
For the Annual and Special Meeting
To be held on December 4, 2003

SOLICITATION OF PROXIES

This Information Circular - Proxy Statement is furnished in connection with the solicitation of proxies by the management of Resin Systems Inc. (the "Corporation") for use at the Annual and Special Meeting of the shareholders (the "Shareholders") of the Corporation (the "Meeting") to be held in the Maligne Room of the Mayfield Inn, located at 16615 - 109th Avenue, Edmonton, Alberta at 2:30 p.m. (Edmonton time) on Thursday, December 4, 2003, and at any adjournment thereof, for the purposes set forth in the accompanying Notice of Annual and Special Meeting. Instruments of Proxy must be received by the President and Chief Executive Officer of the Corporation, c/o Alberta Compliance Services Inc., 602, 304 - 8th Avenue S.W., Calgary, Alberta, T2P 1C2, not less than 48 hours (excluding Saturdays, Sundays and holidays) before the time for the holding of the Meeting or any adjournment thereof. The Board of Directors of the Corporation has fixed the record date for the Meeting at the close of business on October 30, 2003 (the "Record Date"). Only Shareholders of record as at that date are entitled to receive notice of the Meeting. Shareholders of record will be entitled to vote those common shares (the "Common Shares") included in the list of Shareholders entitled to vote at the Meeting prepared as at the Record Date, unless any such Shareholder transfers Common Shares after the Record Date and the transferee of those Common Shares establishes ownership of such Common Shares and demands, not later than the close of business 10 days before the Meeting, that the transferee's name be included in the list of Shareholders entitled to vote at the Meeting, in which case such transferee shall be entitled to vote such Common Shares at the Meeting.

The instrument appointing a proxy shall be in writing and shall be executed by the Shareholder or the Shareholder's attorney authorized in writing or, if the Shareholder is a corporation, under its corporate seal or by an officer or attorney thereof duly authorized.

The persons named in the enclosed form of proxy are directors and/or officers of the Corporation. Each Shareholder has the right to appoint a proxyholder other than the persons designated above, who need not be a Shareholder, to attend and to act for the Shareholder at the Meeting. To exercise such right, the names of the nominees of management should be crossed out and the name of the Shareholder's appointee should be legibly printed in the blank space provided.

REVOCABILITY OF PROXY

A Shareholder who has submitted a proxy may revoke it at any time prior to the exercise thereof. If a person who has given a proxy attends personally at the Meeting at which such proxy is to be voted, such person may revoke the proxy and vote in person. In addition to revocation in any other manner permitted by law, a proxy may be revoked by instrument in writing executed by the Shareholder or the Shareholder's attorney authorized in writing or, if the Shareholder is a corporation, under its corporate seal or by an officer or attorney thereof duly authorized and deposited either at the registered office of the Corporation at any time up to and including the last business day preceding the day of the Meeting, or any adjournment thereof, at which the proxy is to be used, or with the Chairman of the Meeting on the day of the Meeting, or any adjournment thereof, and upon either of such deposits, the proxy is revoked.

PERSONS MAKING THE SOLICITATION

The solicitation is made on behalf of the management of the Corporation. The costs incurred in the preparation and mailing of the Instrument of Proxy, Notice of Annual and Special Meeting and this Information Circular - Proxy Statement (the "Circular") will be borne by the Corporation. In addition to solicitation by mail, proxies may be solicited by personal interviews, telephone or other means of communication and by directors, officers and employees of the Corporation, who will not be specifically remunerated therefor. While no arrangements have been made to date by the Corporation, the Corporation may contract for the distribution and solicitation of proxies for the Meeting. The costs incurred by the Corporation in soliciting proxies will be paid by the Corporation.

No person is authorized to give any information or make any representations other than those contained in this Circular and, if given or made, such information or representations must not be relied upon as having been authorized to be given or made.

ADVICE TO BENEFICIAL SHAREHOLDERS

The information set forth in this section is of significant importance to many public Shareholders of the Corporation, as a substantial number of the public Shareholders of the Corporation do not hold Common Shares in their own name. Shareholders who do not hold their Common Shares in their own name (referred to in this Circular as "Beneficial Shareholders") should note that only proxies deposited by Shareholders whose names appear on the records of the Corporation as the registered holders of Common Shares can be recognized and acted upon at the Meeting. If Common Shares are listed in an account statement provided to a Shareholder by a broker, then in almost all cases those Common Shares will not be registered in the Shareholder's name on the records of the Corporation. Such Common Shares will more likely be registered under the name of the Shareholder's broker or an agent of that broker. In Canada, the vast majority of such Common Shares are registered under the name of CDS & Co. (the registration name for The Canadian Depositary for Securities Limited, which acts as nominee for many Canadian brokerage firms). Common Shares held by brokers or their nominees can only be voted (for or against resolutions) upon the instructions of the Beneficial Shareholder. Without specific instructions, the broker/nominees are prohibited from voting Common Shares for their clients. The directors and officers of the Corporation do not know for whose benefit the Common Shares registered in the name of CDS & Co. are held.

Applicable regulatory policy requires intermediaries/brokers to seek voting instructions from Beneficial Shareholders in advance of shareholders' meetings. Every intermediary/broker has its own mailing procedures and provides its own return instructions, which should be carefully followed by Beneficial Shareholders in order to ensure that their Common Shares are voted at the Meeting. Often, the form of proxy supplied to a Beneficial Shareholder by its broker is identical to the form of proxy provided to registered shareholders. However, its purpose is limited to instructing the registered shareholder how to vote on behalf of the Beneficial Shareholder. The majority of brokers now delegate responsibility for obtaining instructions from clients to ADP Investor Communications ("ADP"). ADP typically use a voting information form (pink and white) which is mailed to the Beneficial Shareholders and asks Beneficial Shareholders to return the proxy forms to ADP. ADP then tabulates the results of all instructions received and provides appropriate instructions respecting the voting of Common Shares to be represented at the Meeting. **A Beneficial Shareholder receiving a voting information form cannot use that proxy to vote Common Shares directly at the Meeting - the voting information form must be returned to ADP well in advance of the Meeting in order to have the Common Shares voted.**

All references to Shareholders in this Circular and the accompanying Instrument of Proxy and Notice of Annual and Special Meeting are references to Shareholders of record (registered shareholders) unless specifically stated otherwise.

EXERCISE OF DISCRETION BY PROXY

The Common Shares represented by proxy in favour of management nominees shall be voted on any ballot at the Meeting and, where the Shareholder specifies a choice with respect to any matter to be acted upon, the Common Shares shall be voted on any ballot in accordance with the specification so made.

In the absence of such specification, the Common Shares will be voted in favour of the matters to be acted upon. The persons appointed under the Instrument of Proxy furnished by the Corporation are conferred with discretionary authority with respect to amendments or variations of those matters specified in the Instrument of Proxy and Notice of Annual and Special Meeting. At the time of printing this Circular, management of the Corporation knows of no such amendment, variation or other matter.

MATTERS TO BE ACTED UPON AT THE MEETING

Fixing Number of Directors

At the Meeting it is proposed that the number of directors to be elected to hold office until the next annual meeting or until their successors are elected or appointed, subject to the articles or by-laws of the Corporation, be set at four (4). There are presently five (5) directors of the Corporation, each of whom will retire from office at the Meeting. Unless otherwise directed, it is the intention of management to vote proxies in the accompanying form in favour of setting the number of directors to be elected at the Meeting at four (4).

Election of Directors

Unless otherwise directed, it is the intention of management to vote proxies in the accompanying form in favour of the election as directors of the following four (4) nominees:

Dr. Brian Carpenter
Greg Pendura
David Slaback
Dwayne Hunka

The names and municipalities of residence of the persons nominated for election as directors, the number of voting securities of the Corporation beneficially owned, directly or indirectly, or over which each exercises control or direction, as at October 30, 2003, the offices held by each in the Corporation, the period served as director, and the present principal occupation of each, are as set forth below.

Name and Municipality of Residence	Offices Held and Time as Director	Number of Common Shares Beneficially Owned (6)	Principal Occupation
Dr. Brian Carpenter (1) Edmonton, Alberta	Chairman of the Board and Director since September 17, 1998	3,352,826 (3)	President of BYO Balance Ltd., a holistic health care company.
Greg Pendura Edmonton, Alberta	President and Chief Executive Officer and Director since September 17, 1998	Nil (4)	President and Chief Executive Officer of Resin.
David Slaback St. Albert, Alberta	Vice-President, Operations and Director since January 24, 2000	540,071 (5)	Vice-President, Operations of Resin.
Dwayne Hunka (1) Edmonton, Alberta	Director since September 17, 1998	75,000	Vice-President and Manager of Waiward Steel Ltd., a steel fabrication company.

Notes:

(1) Member of the Audit Committee. E. Douglas Grindstaff is the third member of the Audit Committee. The board of directors of the Corporation will appoint/re-appoint members of the Audit Committee after the Meeting.
(2) The Corporation does not have an executive committee.
(3) 3,000,352 of these Common Shares are held by JMC Investments Ltd., a company whose voting securities are owned as to 100% by Dr. Carpenter's spouse, Jeanne M. Carpenter.
(4) 2,821,107 Common Shares are owned by a trust established pursuant to the laws of Barbados, the beneficiaries of which are Mr. Pendura's wife and his children.
(5) Mr. Slaback owns 12% of the issued and outstanding shares of USCC Holding Company, which owns 4,500,596 Common Shares.
(6) The information as to the number of Common Shares beneficially owned, directly or indirectly, or over which control or direction is exercised, is based upon information furnished to the Corporation by the respective nominees.

Each of the nominees for director of the Corporation is currently a director and was elected to his present term of office by a vote of the Corporation's Shareholders at a meeting thereof, the notice of which was accompanied by an information circular.

Appointment of Auditors

The auditors of the Corporation are KPMG LLP, Chartered Accountants, Edmonton, Alberta ("KPMG"). KPMG was originally appointed as the Corporation's auditors on September 17, 1998.

Unless otherwise directed, it is management's intention to vote the proxies in favour of an ordinary resolution to appoint the firm of KPMG to serve as auditors of the Corporation until the next annual meeting of the Shareholders and to authorize the directors to fix their remuneration as such.

Adoption of New Share Option Plan

Shareholders will be asked at the Meeting to consider and, if thought advisable, to ratify and approve a new share option plan (the "2003 Plan") which will supersede and replace the existing stock option plan of the Corporation (the "Old Plan"). The Old Plan was approved by Shareholders of the Corporation on October 15, 2002. As of October 30, 2003, the Corporation had outstanding options to purchase 6,088,000 Common Shares. If the 2003 Plan is approved as proposed, the outstanding options will remain in effect and be exercisable in accordance with their terms and be deemed to be issued under the terms of the 2003 Plan.

The 2003 Plan contains terms and conditions substantially the same as those of the Old Plan, except that the maximum number of Common Shares reserved for issuance pursuant to the 2003 Plan is 9,500,000 Common Shares (being approximately 20% of those outstanding as at October 30, 2003), an increase of 2,760,000 Common Shares from the 6,740,000 Common Shares issuable pursuant to the Old Plan.

A copy of 2003 Plan is available for inspection at the Meeting and will be sent to any Shareholder prior to the Meeting upon request.

Accordingly, at the Meeting, Shareholders will be asked to consider and, if thought fit, approve an ordinary resolution in the following form:

"BE IT RESOLVED THAT:

1. the Corporation and its successors are hereby authorized to implement the 2003 share option plan (the "2003 Option Plan") as described in the Information Circular – Proxy Statement of the Corporation dated October 31, 2003 and said 2003 Option Plan is hereby authorized and approved, subject to the receipt of the approval of the TSX Venture Exchange;
2. the number of common shares in the capital of the Corporation to be reserved for issuance pursuant to the 2003 Option Plan shall be set at 9,500,000;
3. the outstanding stock options to purchase common shares of the Corporation remain in effect and are exercisable in accordance with their terms and are deemed to be issued under the terms of the 2003 Option Plan; and
4. any director or officer of the Corporation be and is hereby authorized and directed to do such things and to execute and deliver all such instruments, deeds and documents, and any amendments thereto, as may be necessary or advisable in order to give effect to the foregoing resolutions, and to complete all transactions in connection with the implementation of the 2003 Option Plan."

In order to be passed, the foregoing resolution must be approved by the affirmative vote of a simple majority of the votes cast by the holders of Common Shares who vote in person or by proxy at the Meeting, excluding votes attaching to Common Shares beneficially owned by:

(i) Insiders (as defined in Exchange Policy 1.1) to whom options may be granted under the 2003 Option Plan, and

(ii) Associates (as defined in Exchange Policy 1.1) of persons referred to in (i) above.

The persons named in the Instrument of Proxy furnished by the Corporation intend, unless otherwise directed, to vote in favour of the resolution approving the 2003 Option Plan.

Other Matters

Management knows of no amendment, variation or other matter to come before the Meeting other than the matters referred to in the Notice of Annual and Special Meeting. However, if any other matter properly comes before the Meeting, the accompanying proxy will be voted on such matter in accordance with the best judgment of the person or persons voting the proxy.

INFORMATION CONCERNING THE CORPORATION

Voting Shares and Principal Holders Thereof

The Corporation is authorized to issue an unlimited number of Common Shares without nominal or par value and an unlimited number of preferred shares issuable in series. As at the date hereof, 47,512,932 Common Shares of the Corporation are issued and outstanding, each such Common Share carrying the right to one vote on a ballot at the Meeting. As at the date hereof there are no issued and outstanding preferred shares. A quorum for the transaction of business at the Meeting is at least a person or persons present in person holding or representing in the aggregate not less than 5% of the Common Shares entitled to be voted at the Meeting.

To the knowledge of the directors and senior officers of the Corporation, as at the date hereof, no person or company beneficially owns, directly or indirectly, or exercises control or direction over, voting securities of the Corporation carrying more than 10% of the voting rights attached to any class of voting securities of the Corporation.

Executive Compensation

Compensation of Named Executive Officer

The following table sets forth all compensation paid to the Corporation's Chief Executive Officer (the "Named Executive Officer") during the three fiscal years ended August 31, 2003. No other executive officer of the Corporation received a salary and bonus exceeding, in the aggregate, $100,000 during the fiscal year ended August 31, 2003.

Name and Principal Position	Fiscal Year	Annual Compensation			Securities Under Stock Options Granted	All Other Compensation
		Salary ($)	Bonus ($)	Other Annual Compensation ($)	(#)	($)
Greg Pendura [(1)]	2003	105,996	Nil	Nil	Nil	Nil
	2002	96,360	Nil	Nil	500,000	Nil
	2001	88,410	Nil	Nil	Nil	Nil
John McCrae [(2)]	2001	120,000	Nil	Nil	Nil	Nil

Notes:

(1) Mr. Pendura was appointed President and Chief Executive Officer of the Corporation July 3, 2001.

(2) Mr. McCrae commenced his employment with the Corporation as its President and Chief Executive Officer effective July 1, 1999 and resigned July 3, 2001.

Long-Term Incentive Plan Awards

Other than the stock option plan described under the heading "Stock Option Plan", the Corporation does not have any plans which provide compensation as an incentive for performance over a period longer than one financial year.

The Corporation has no retirement plan, pension plan or other form of retirement compensation for its employees.

Stock Options Granted to the Named Executive Officer

There were no stock options of the Corporation granted to the Named Executive Officer during the fiscal year ended August 31, 2003.

Value of Exercised/Unexercised Options Held by the Named Executive Officer

No options to purchase securities of the Corporation were exercised by the Named Executive Officer during the fiscal year ended August 31, 2003. The number and notional value of exercisable/unexerciseable options held by the Named Executive Officer as at August 31, 2003 is set out below.

Name	Unexercised Stock Options at August 31, 2003 (#) Exercisable/Unexercisable	Value of Unexercised in-the-Money Stock Options at August 31, 2003 ($) Exercisable/Unexercisable [(1)]
Greg Pendura	700,000/Nil	$387,000/Nil

Note:

(1) Based on the closing price of the Common Shares on the Exchange on August 29, 2003 of $0.94.

Termination of Employment, Changes in Responsibilities and Employment Agreements

The Corporation does not have a written employment agreement or termination of employment or "change of control" agreement with Greg Pendura, the President and Chief Executive Officer of the Corporation since July 3, 2001.

Compensation of Directors

The Corporation does not pay fees to directors, but from time to time has granted stock options to directors. In addition, directors are reimbursed for their out-of-pocket expenses incurred in carrying out their duties as directors.

Stock Option Plan

The Corporation has adopted a stock option plan (the "Old Plan") for officers, directors and employees of, and consultants to, the Corporation. The Old Plan permits the granting of options to purchase 6,740,000 Common Shares. The purpose of the Old Plan is to develop the interest of the aforementioned individuals in the growth and development of the Corporation by providing them with the opportunity through share purchase options to acquire an increased proprietary interest in the Corporation. The Old Plan also provides that:

(a) any options granted pursuant to the Old Plan shall expire not later than five years after the date of grant;

(b) any options granted pursuant to the Old Plan shall be non-assignable and non-transferable;

(c) the exercise price of any options granted pursuant to the Old Plan shall not be lower than the Discounted Market Price of the Common Shares (where the "Discounted Market Price" is defined as the last closing trading price of the Common Shares on the exchange on which such Common Shares are trading before the date of the stock option grant, less the permissible discount (if any) of such stock exchange);

(d) the number of Common Shares issuable pursuant to the Old Plan to any one person in any 12 month period shall not exceed 5% of the outstanding Common Shares;

(e) the number of Common Shares issuable pursuant to the Old Plan to any one consultant of the Corporation in any 12 month period may not exceed 2% of the outstanding Common Shares;

(f) the number of Common Shares issuable pursuant to the Old Plan to persons employed in investor relations activities may not exceed 2% of the outstanding Common Shares in any 12 month period;

(g) the Old Plan provides that options shall terminate on the date the optionee ceases to be an employee, director or officer of, or consultant to, the Corporation, provided that if such termination is as a result of death of the optionee, the optionee's personal representative shall have one year to exercise such options, and further provided that if the optionee has ceased to be an employee, director or officer of, or consultant to, the Corporation for any other reason, other than for cause, the optionee shall have not in excess of 90 days to exercise the options (30 days if the individual was engaged in investor relations activities on behalf of the Corporation); and

(h) unless disinterested shareholder approval is obtained, the number of Common Shares: (i) reserved for issuance to insiders of the Corporation may not exceed 10% of the issued and outstanding Common Shares; and (ii) which may be issued to insiders within a one year period may not exceed 10% of the issued and outstanding Common Shares.

The Board of Directors determines the time during which options shall vest and the method of vesting, subject to the policies of any exchange on which the Common Shares are trading at the date of grant. As at the date hereof, the policies of the TSX Venture Exchange provide that options must vest over a period of at least 18 months on a pro rata basis.

Indebtedness of Directors and Senior Officers

Management of the Corporation is not aware of any indebtedness (other than routine indebtedness) outstanding by any of the directors, executive officers of the Corporation or any of their associates to the Corporation, or any guarantees, support agreements, letters of credit or similar arrangements provided by the Corporation or its subsidiaries to any such persons, at any time since the commencement of the last completed financial year of the Corporation other than that set forth in the table below:

Name and Principal Position	Involvement of Resin	Largest Amount Outstanding During the Fiscal Year Ended August 31, 2003	Amount Outstanding as at October 31, 2003	Security for Indebtedness
Dr. Brian Carpenter Chairman of the Board and Director	Lender	$40,000 (1)	$40,000	200,000 Common Shares
Greg Pendura President and Chief Executive Officer and Director	Lender	$65,000 (1)	$43,000	325,000 Common Shares
David Slaback Vice President Operations and Director	Lender	$30,000 (1)	$Nil	150,000 Common Shares
Dwayne Hunka Director	Lender	$15,000 (1)	$15,000	75,000 Common Shares
E. Douglas Grindstaff Director	Lender	$175,540 (2)	$7,540	967,700 Common Shares

Notes:

(1) On May 24, 2000 the Corporation loaned the directors and officers of the Corporation set forth in the table above an aggregate of $150,000 so that they may exercise stock options to acquire an aggregate of 750,000 Common Shares. The loans are evidenced by interest free promissory notes with no fixed terms of repayment and are secured by the pledge of 750,000 Common Shares.

(2) On July 11, 2002, in connection with consulting services to be provided to the Corporation by Mr. Grindstaff, the Corporation loaned Mr. Grindstaff $193,540 to subscribe for 483,850 units of the Corporation, each unit consisting of one Common Share and one warrant of the Corporation, each warrant entitling the holder thereof to acquire one Common Share at an exercise price of $0.60 per share until June 30, 2003. Mr. Grindstaff exercised all of the warrants to acquire 483,850 Common Shares. The loan is evidenced by an interest free promissory note with no fixed terms of repayment and is secured by the pledge of 967,700 Common Shares.

Management Contracts

No management functions of the Corporation are to any substantial degree performed by any person or company other than the directors or senior officers of the Corporation.

INTEREST OF INSIDERS IN MATERIAL TRANSACTIONS

There were no material interests, direct or indirect, of directors and senior officers of the Corporation, proposed nominees for election as a director, any Shareholder who beneficially owns, directly or indirectly, or who exercises control or direction over, more than 10% of the Common Shares of the Corporation, or any known associate or affiliate of such persons, in any transaction since the commencement of the Corporation's last completed financial year or in any proposed transaction which has materially affected or would materially affect the Corporation or any of its subsidiaries, except as disclosed elsewhere in this Circular.

INTEREST OF CERTAIN PERSONS AND COMPANIES IN MATTERS TO BE ACTED UPON

Management of the Corporation is not aware of any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, of any director or proposed nominee for election as a director or senior officer or any one who has held office as such since the beginning of the Corporation's last financial year, or of any associate or affiliate of any of the foregoing persons, in any matter to be acted on, except as disclosed elsewhere in this Circular.

APPROVAL AND CERTIFICATION

The contents and sending of this Circular have been approved by the directors of the Corporation.

The foregoing contains no untrue statement of a material fact and does not omit to state a material fact that is required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which it was made.

DATED at Edmonton, Alberta the 31st day of October, 2003.

Greg Pendura	Keith Gerrard
President and Chief Executive Officer	Controller and as Chief Financial Officer

RESIN SYSTEMS INC.

14604 – 115 A Avenue
Edmonton, AB, T5M 3C5
Tel: 780-482-1953 Fax: 780-452-8755

Management's Responsibility for Financial Reporting
August 31, 2002

The accompanying consolidated financial statements and all of the information included in this report have been prepared by and are the responsibility of, management and the Board of Directors of Resin Systems Inc. The consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles and reflect management's best estimates and judgments based on currently available information. The significant accounting policies which management believes are appropriate for the Company are described in Note 2 of the consolidated financial statements.

Additionally, management has prepared, as a supplement to the consolidated financial statements, a reconciliation of the financial information to conform to United States generally accepted accounting principles. The Company became a reporting issuer of the U.S. Securities and Exchange Commission ("SEC") as announced on December 3, 2002.

The Company has developed and maintains an appropriate system of internal controls in order to ensure, on a reasonable and cost-effective basis, that relevant and reliable financial information is produced.

The Board of Directors is responsible for reviewing and approving the consolidated financial statements and overseeing management's performance of its financial reporting responsibilities. The Board has appointed an Audit Committee comprised of one officer and two independent Directors.

The Audit Committee reviews the financial statements, the adequacy of internal controls, the audit process and financial reporting with management and the external auditors. The Audit Committee reports to the Board of Directors prior to the approval of the audited financial statements for publication.

KPMG LLP, the external auditors, have performed an audit of the consolidated financial statements in accordance with Canadian generally accepted auditing standards on behalf of the shareholders.

January 8, 2003

Signed "Greg Pendura"
Greg Pendura
President and CEO

Signed "Keith Gerrard"
Keith Gerrard
Controller

AUDITORS' REPORT TO SHAREHOLDERS

We have audited the consolidated balance sheets of Resin Systems Inc. as at August 31, 2002, 2001 and 2000 and the consolidated statements of loss and deficit and cash flows for each of the years in the three year period ended August 31, 2002. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with Canadian generally accepted auditing standards and auditing standards generally accepted in the United States of America. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at August 31, 2002, 2001 and 2000 and the results of its operations and its cash flows for each of the years in the three year period ended August 31, 2002, in accordance with Canadian generally accepted accounting principles.

Canadian generally accepted accounting principles vary in certain significant respects from accounting principles generally accepted in the United States. Application of accounting principles generally accepted in the United States would have affected results of operations for each of the years in the three year period ended August 31, 2002, 2001 and 2000 to the extent summarized in note 17 to the consolidated financial statements.

Signed: "KPMG LLP"
Chartered Accountants

Edmonton, Canada
December 2, 2002

COMMENTS BY AUDITOR FOR U.S. READERS ON CANADA - U.S. REPORTING DIFFERENCE

In the United States, reporting standards for auditors require the addition of an explanatory paragraph (following the opinion paragraph) when the financial statements are affected by conditions and events that cast substantial doubt on the Company's ability to continue as a going concern, such as those described in the notes to these financial statements. Our report to the shareholders dated December 2, 2002, is expressed in accordance with Canadian reporting standards which do not permit a reference to such events and conditions in the Auditors' Report when these are adequately disclosed in the financial statements.

Signed: "KPMG LLP"
Chartered Accountants

Edmonton, Canada
December 2, 2002

RESIN SYSTEMS INC.

CONSOLIDATED BALANCE SHEETS
(Canadian Dollars)

	2002 AUGUST 31,	2001 August 31,	2000 August 31,
ASSETS			
Current assets:			
Cash and short term investments	$ 518,581	$ 197,637	$ 163,456
Accounts receivable (note 3)	238,886	112,072	135,696
Receivable from NRC (note 15)	37,620	--	--
Inventories	275,305	356,065	495,620
Prepaid expenses and deposits	6,939	18,480	17,260
	1,077,331	684,254	812,032
Prepaid rent and security deposit (note 9)	7,192	37,000	37,000
Capital assets (note 4)	201,901	287,650	349,344
Intangible assets (note 5)	35,497	13,241	702,802
Loan receivable from director (note 6)	--	--	56,000
	$ 1,321,921	$ 1,022,145	$ 1,957,178
LIABILITIES and SHAREHOLDERS' EQUITY			
Current liabilities:			
Payables and accruals	$ 184,153	$ 179,875	$ 485,198
Notes payable (note 7)	--	326,483	--
	184,153	506,358	485,198
Long-term payable to NRC (note 15)	37,620	--	--
Shareholders' equity:			
Share capital (note 8)	11,384,507	9,082,178	7,432,422
Deficit	(10,284,359)	(8,566,391)	(5,960,442)
	1,100,148	515,787	1,471,980
Future operations (note 1)			
Commitments (note 9)			
Subsequent events (note 16)			
	$ 1,321,921	$ 1,022,145	$ 1,957,178

See accompanying notes to consolidated financial statements.

On behalf of the Board:

Signed "Greg Pendura"
Director

Signed "Len Danard"
Director

RESIN SYSTEMS INC.

CONSOLIDATED STATEMENTS OF LOSS AND DEFICIT
(Canadian dollars)

	2002 AUGUST 31,	2001 August 31,	2000 August 31,
Revenue	$ 343,257	$ 269,235	$ 665,573
Expenses:			
Cost of sales	216,782	145,679	514,768
Direct and product development	632,042	163,891	229,882
Marketing and business development	314,168	545,323	394,867
General and administrative	814,681	1,093,773	530,127
Interest and other charges	9,093	49,700	15,315
Amortization	62,438	58,634	303,660
	2,049,204	2,057,000	1,988,619
Loss before the under-noted	(1,705,947)	(1,787,765)	(1,323,046)
Gain (loss) on sale of capital assets	393	7,221	(931)
Write-down of inventories	--	--	(244,567)
Write-down of capital and intangible assets	(12,414)	(825,405)	(1,103,116)
Net loss	(1,717,968)	(2,605,949)	(2,671,660)
Deficit, beginning of year	(8,566,391)	(5,960,442)	(3,288,782)
Deficit, end of year	$ (10,284,359)	$ (8,566,391)	$ (5,960,442)
Basic and diluted loss per common share (note 8)	$ (0.09)	$ (0.17)	$ (0.21)

See accompanying notes to consolidated financial statements.

RESIN SYSTEMS INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS

(Canadian dollars)

	2002 AUGUST 31,	2001 August 31,	2000 August 31,
Cash provided by (used in):			
Operating:			
Net loss	$ (1,717,968)	$ (2,605,949)	$ (2,671,660)
Items which do not involve cash:			
Amortization	62,438	58,634	303,660
Loss (gain) on sale of capital assets	(393)	(7,221)	931
Write-down of inventories	--	--	244,567
Write-down of leases receivable	--	--	35,642
Write-down of capital and intangible assets	12,414	825,405	1,103,116
Reduction of loan receivable from director	--	37,401	--
Consulting services settled by Reduction of share purchase loan	18,000	--	--
Shares to be issued pursuant to ARC agreement	184,375	--	--
Change in non-cash operating working capital	(30,235)	(75,064)	202,579
	(1,471,369)	(1,766,794)	(781,165)
Financing:			
Proceeds from issue of share capital, net of transaction costs	1,234,467	1,026,538	387,633
Proceeds from issue of notes payable	739,000	900,000	--
Repayment of notes payable	(200,000)	--	--
Repayment of long-term debt (note 7)	--	--	(211,211)
	1,773,467	1,926,538	176,422
Investing:			
Purchase of capital assets	(82,150)	(44,701)	(14,129)
Prepaid rent and security deposit	29,808	--	(37,000)
Proceeds on sale of capital assets	110,629	13,695	481,093
Acquisition of intangible assets	(39,441)	(94,557)	(173,225)
	18,846	(125,563)	256,739
Increase (decrease) in cash	320,944	34,181	(348,004)
Cash and short-term investments, beginning of year	197,637	163,456	511,460
Cash and short-term investments, End of year	$ 518,581	$ 197,637	$ 163,456

1. Nature of operations and future operations:

Resin Systems Inc. (the "Company") was incorporated on July 26, 1995 under the Business Corporations Act of Alberta and commenced active operations on September 1, 1995. The Company's primary business is the development and marketing of its composite resin system. Until late fiscal 2000, the Company's primary business was the sale of a protective coating, "Uni-Seal", produced from recycled tires. The Company is traded on the TSX Venture Exchange under the symbol "RS".

The Company has completed the filing of Form 20F registration statement under The Exchange Act of 1934 and is now a full reporting foreign private issuer in the United States. The Company is also currently in discussions with OTC Bulletin Board market makers to facilitate sponsorship in the U.S. Market.

Future operations:

These financial statements have been prepared on a going concern basis in accordance with Canadian generally accepted accounting principles (see also notes 16 and 17), which assumes the Company will realize its assets and discharge its liabilities and commitments in the normal course of business. The application of the going concern concept is dependent upon the ability of the Company to generate profitable operations and raise additional capital to support its ongoing development and operating activities. For the year ended August 31, 2002, the Company reported a loss of $1,717,968 and has an accumulated deficit of $10,284,359. As at August 31, 2002 the Company has positive working capital of $893,178.

In fiscal 2002 the Company began the implementation of a revised business plan, which included a reduction of staff and closing of its U.S. office that was opened earlier in 2002. The Company also began to implement a new sales and marketing strategy and spent considerable time and resources refining process issues related to entering pultrusion production.

Also in fiscal 2002, the Company evaluated and pursued new financing alternatives, including signing agreements with the National Research Council ("NRC") and the Alberta Research Council ("ARC") to assist the Company in further development of various Ve***rsi***on resin systems. Prior to entering into these agreements, the Company issued $739,000 in notes payable that were, under the terms of the notes, converted into equity upon execution of the NRC agreement. In addition, the Company completed a fully subscribed private placement that generated proceeds of $1,239,713 (see note 8).

1. Nature of operations and future operations, (continued):

Future operations, (continued):

The ability of the Company to continue as a going concern and to realize the carrying value of its assets and discharge its liabilities when due is dependent on the successful completion of the actions taken or planned, which management believes will mitigate the adverse conditions and events that raise doubt about the validity of the "going concern" assumption used in preparing these financial statements.

These financial statements do not reflect any adjustments that would be necessary if the "going concern" assumptions were not appropriate because management is of the opinion that sufficient working capital will be obtained from operations, shareholders and other external financing sources to meet the Company's liabilities and commitments as they become payable.

2. Significant accounting policies:

(a) Name change:
On May 8, 2000, the Company changed its name to Resin Systems Inc. from Recycled Solutions for Industry Inc.

(b) Basis of presentation:
These consolidated financial statements include the accounts of the Company and its U.S. subsidiary, Resin Systems Incorporated. The Company also has the following inactive subsidiaries: Uni-Seal (Canada) Inc., Uni-Seal USA Ltd., Uni-Seal Moulding Technologies Inc., Resin Systems International Ltd. (Barbados) and Resin Systems Sales Limited (Ireland).

(c) Cash and short-term investments:
Cash and short-term investments are carried at cost which approximates market. The Company considers deposits in banks, certificates of deposit and short-term investments with original maturities of three months or less as cash and short-term investments.

(d) Inventories:
The Company records inventories on a first-in, first-out basis at the lower of cost and net realizable value which is equivalent to market.

2. Significant accounting policies, (continued):

(e) Capital assets:

Capital assets are recorded at cost. Amortization is provided using the declining balance method at the following annual rates:

Asset	Rate
Building	5%
Equipment	20%
Computer hardware and software	30%

(f) Intangible assets:

The Company is engaged in research and development work and the costs of such are expensed as incurred, unless they meet the criteria for deferral established by Canadian generally accepted accounting principles. Management assesses the applicable criteria on an ongoing basis. Research and development costs are reduced by any related government assistance and tax incentives.

Intangible assets are recorded at cost and their carrying value is assessed for future recoverability or impairment on an annual basis. When the net carrying amount of an intangible asset exceeds the estimated net recoverable amount, the asset is written down with a charge against income in the period that such determination is made. Amortization of intangible assets is provided on a straight-line basis over their estimated useful life of five years.

(g) Foreign currency translation:

Foreign currency denominated monetary assets and liabilities are translated into Canadian dollars at exchange rates prevailing at the balance sheet date. Revenues and expenses are translated at the exchange rate in effect at the transaction date.

The Company's subsidiaries are fully integrated subsidiaries, and are translated into Canadian dollars using the temporal method, whereby monetary assets and liabilities are recorded at exchange rates in effect at the balance sheet date, non-monetary assets are recorded at historical exchange rates, and revenues and expenses are recorded at the exchange rate on the transaction date.

Exchange gains and losses are included in the determination of earnings (losses).

(Canadian Dollars)

2. Significant accounting policies, (continued):

(g) Foreign currency translation, (continued):
The following rates were used in the preparation of the financial statements:

	Average rate	Rate at year end
August 31, 2002	1.5440	1.5346
August 31, 2001	1.5545	1.5183
August 31, 2000	1.4812	1.4557

(h) Use of estimates:
The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Actual results could differ from those reported. The recoverable value of the inventories, capital and intangible assets, and amortization rates are the more significant items subject to estimates in these financial statements.

(i) Stock-based compensation plans:
The Company has a stock-based compensation plan, which is described in note 8. No compensation expense is recognized for this plan when stock or stock options are issued to employees. Any consideration paid by employees on exercise of stock options or purchase of stock is credited to share capital.

When the Company issues stock to non-employees for services in settlement of debt, it recognizes the transaction at the estimated fair value. When the Company issues stock options to non-employees no compensation expense is recognized. Any consideration paid by the non-employees on exercise of the stock options is credited to share capital.

2. Significant accounting policies, (continued):

(i) Stock-based compensation plans, (continued):

In December 2001, the CICA issued Handbook Section 3870 to be applied for fiscal years beginning on or after January 1, 2002. This standard requires that certain types of stock-based compensation arrangements be accounted for at fair value, giving rise to compensation expense. The section sets out a fair value based method of accounting that is required for certain, but not all, stock-based transactions and applies to transactions in which shares of common stock, stock options, or other equity instruments are granted or liabilities incurred based on the price of common stock or other equity instruments. The new standard permits companies to continue the policy that no compensation cost is recorded on the grant of stock options to employees. Disclosure of pro forma earnings and pro forma earnings per share as if the fair value based accounting method had been used to account for employee stock options are required for options granted to employees. Consideration paid by employees on the exercise of stock options is recorded as share capital and contributed surplus. The Company will adopt this standard in fiscal 2003.

(j) Revenue recognition:
Revenue is recognized upon the transfer of legal title. The Company sells all its products on a "F.O.B. Plant" basis and all risk of loss is assumed by the customer once the product has left the Company's plant. Only when this condition of sale has been met, does the Company recognize revenue associated with the transaction.

(k) Income taxes:
The Company uses the asset and liability method of accounting for income taxes on an annual basis. Under the asset and liability method, future tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Future tax assets and liabilities are measured using enacted or substantively enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on future tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the date of enactment or substantive enactment.

2. Significant accounting policies, (continued):

(l) Loss per common share:
In January 2001, The Canadian Institute of Chartered Accountants issued new requirements under Handbook Section 3500, Earnings Per Share. The standard required a change from the imputed interest method of presenting earnings per share to the treasury stock method of presentation for earnings per share. Under the treasury stock method, the objective is to provide a measure of the interests of each Common Share in the performance of an enterprise for the reporting period.

The Company has adopted Section 3500 and applied it on a retroactive basis. Under the new standard, the 9,699,560 Common Shares held in escrow (see note 8) are not considered outstanding and are only included in the calculation of basic earnings per share when all the necessary conditions for their issuance have been satisfied. As a result, the Company's weighted average number of Common Shares outstanding for the periods ended August 31, 2002, 2001 and 2000 has been reduced by 9,699,560. This reduction has increased the loss per share for the year ended August 31, 2002 to $0.09 from $ 0.06, for the year ended August 31, 2001 to $0.17 from $0.10 and for the year ended August 31, 2000 to $0.21 from $0.12.

(m) Comparative figures:
Certain comparative figures have been reclassified to conform to the financial statement presentation adopted in the year ended August 31, 2002.

3. Accounts receivable and allowance for doubtful accounts:

The Company reports accounts receivable net of allowance for doubtful accounts and accounts that have been written off directly to expense as they become uncollectible during the year. An estimation of the allowance for doubtful accounts is based upon management's analysis of individual customer accounts and the likelihood of collecting each account based upon the age of the amount outstanding as it relates to specific invoices. Allowance for doubtful accounts, as at August 31, 2002, 2001 and 2000 were; $124,203, $38,221 and nil respectively.

(Canadian Dollars)

4. Capital assets:

	Cost	Accumulated amortization	Net Book value
August 31, 2002:			
Equipment	$ 372,999	$ 206,146	$ 166,853
Computer hardware and software	84,439	49,391	35,048
	$ 457,438	$ 255,537	$ 201,901
August 31, 2001:			
Land	$ 50,107	$ --	$ 50,107
Building	72,987	17,941	55,046
Equipment	321,428	164,433	156,995
Computer hardware and software	61,048	35,546	25,502
	$ 505,570	$ 217,920	$ 287,650
August 31, 2000:			
Land	$ 68,328	$ --	$ 68,328
Building	100,318	13,606	86,712
Equipment	306,057	135,420	170,637
Computer hardware and software	48,284	24,617	23,667
	$ 522,987	$ 173,643	$ 349,344

During fiscal 2002, the Company sold excess lab equipment for gross proceeds of $3,271, also during this period the Company sold its land and building in the United States for gross proceeds of $75,000 U.S.

During the year ended August 31, 2001, the Company wrote down its land and building located in the United States by $45,552 to reflect the fair market value of the property which was subsequently sold.

In fiscal 2000 the Company sold land and building located in Edmonton as well as a truck and trailer. This transaction reduced the Company's long-term debt to nil. Commensurate with the sale of the land and building, the Company entered into an agreement with the purchaser to lease-back the facilities on a long-term basis. Additionally, the Company wrote down capital assets during the year ended August 31, 2000 by $103,116.

(Canadian Dollars)

5. Intangible assets:

	Cost	Accumulated amortization	Net Book value
August 31, 2002			
Leasehold improvements	$ 39,441	$ 3,944	$ 35,497
August 31, 2001			
Leasehold improvements	$ 16,552	$ 3,311	$ 13,241
August 31, 2000			
Technology rights to Uni-Seal sealant	$ 529,635	$ --	$ 529,635
Ve***rsi***on resin deferred development costs	171,131	--	171,131
Leasehold improvements	2,094	58	2,036
	$ 702,860	$ 58	$ 702,802

During the year ended August 31, 2002, the Company moved the location of its head office. As a result, unamortized leasehold improvements related to the previous location of $12,414 were written off.

In August 2001, management wrote off a majority of the Company's intangible assets as the recovery of these costs could not be reasonably regarded as assured.

In fiscal 2000 the Company shifted its focus toward its "Ve***rsi***on" resin system and away from industrial coatings. As a result, in fiscal 2000 the carrying value of the "Uni-Seal" technology rights were written down by a net amount of $1,000,000 to reflect the estimated portion that related to the industrial coatings products.

6. Related party transactions:

During the year ended August 31, 2002, the Company contracted with one of its directors and senior officers to provide services amounting to $7,490 for leasehold improvements which were capitalized.

In 1999, the Company provided one of its directors with an interest free loan relating to relocation expenses. During the year ended August 31, 2001, this loan was reduced by the relocation expenses incurred and was fully repaid.

7. Notes payable:

(a) Issued fiscal 2001:

During the year ended August 31, 2001, the Company completed the private placement of promissory notes in the aggregate principal amount of $900,000 bearing interest at 12% per annum. The holders of the promissory notes had a first right, but not an obligation to, participate in the prospectus offering that closed on June 29, 2001, to the extent of all, but not less than all, of the outstanding balance of the principal sum thereof and any accrued and unpaid interest thereon, plus a cash bonus equal to the difference between $12,000 (for each principal amount of $100,000) and such accrued and unpaid interest at the time of the election to participate in the offering. Of the aggregate amount mentioned above, holders of $600,000 (principal sum) elected to participate in the prospectus offering.

A holder of a promissory note with an original principal amount of $100,000 entered into agreement with the Company to be included in the new secured convertible promissory notes issued in fiscal 2002 (see note 7(b)).

The remaining promissory notes with an original principal amount of $200,000 and the accrued interest thereon were repaid in the year ended August 31, 2002.

(Canadian Dollars)

7. Notes payable, (continued):

(b) Issued fiscal 2002:

During the year ended August 31, 2002, the Company issued $739,000 in new secured convertible promissory notes. These notes bore interest at a rate of 12% per annum with interest commencing February 1, 2002, and due December 20, 2002. Additionally, these notes were, at the option of the holder, convertible to an equity unit on the basis of one "unit" for each $0.32 of principal and interest. Each unit was comprised of one Common Share and one warrant to purchase a Common Share at a price of $0.75 per share on or before December 20, 2002. The conversion right was deemed to be exercised on the date the Company entered into the proposal with the National Research Council of Canada to receive funding.

On April 18, 2002 the Company entered into an agreement with the National Research Council which triggered the deemed conversion of the notes and $860,241 of principal and accrued interest was converted to Common Shares and warrants.

8. Share capital:

(a) Authorized and issued shares:

The Company's authorized share capital consists of an unlimited number of Common Shares and preferred shares issuable in series.

The Company's issued share capital consists of the following Common Shares:

	Number of shares	Amount
Balance August 31, 1999	22,272,219	$ 7,044,789
Shares issued for cash net of transaction costs and share subscription promissory notes of $150,000	1,654,000	387,633
Balance August 31, 2000	23,926,219	7,432,422

(Canadian Dollars)

8. Share capital, (continued):

(a) Authorized and issued shares, (continued):

	Number of shares	Amount
Balance August 31, 2000 (forward)	23,926,219	7,432,422
Shares issued for cash net of transaction costs	2,244,766	998,538
Conversion of notes payable net of transaction costs (note 7)	1,033,847	623,218
Stock options exercised	70,000	28,000
Balance August 31, 2001	27,274,832	9,082,178
Conversion of notes payable net of transaction costs (note 7)	2,688,253	860,241
Shares issued for cash net of transaction costs and share subscription promissory notes of $175,540	3,750,000	1,257,713
Total issued and outstanding	33,713,085	11,200,132
Shares to be issued pursuant to ARC Agreement (note 15 & 16)	312,500	184,375
Balance August 31, 2002	34,025,585	$ 11,384,507

In conjunction with a private placement completed during the year ended August 31, 2002, the Company issued to a director 483,850 Common Shares and 483,850 Common Share purchase warrants (see note 8 (c)), in exchange for a promissory note in the amount of $193,540. The promissory note is non interest bearing and is being repaid through the provision of consulting services at approximately $12,000 per month. If the consulting agreement is terminated, any amount outstanding is due within sixty days. As collateral for the note, the Company is holding the 483,850 Common Shares and warrants. As at August 31, 2002 the balance outstanding is $175,540,

(Canadian Dollars)

8. Share capital, (continued):

(b) Options:

Stock option plan:

The Company has adopted a stock option plan to advance the interests of the Company by encouraging its directors, management, employees and consultants to acquire shares in the Company. Under terms of the plan, the Board of Directors has full authority to administer the plan in accordance with the terms of the plan. The plan provides that the aggregate number of shares to be delivered upon the exercise of all options granted under the plan shall not exceed 10% of the issued shares of the Company at the time of granting options. The number of options and exercise price thereof is set by the Board of Directors at the time of grant, provided that the exercise price may not be less than the market price of the shares, less any discounts permitted by the rules of the stock exchange or stock exchanges.

The maximum number of options that may be granted to any one individual shall not exceed 5% of the Company's issued and outstanding Common Shares. The options granted under the plan may be exercisable for a period not exceeding five years and may vest at such times as the Board of Directors may determine at the time of grant.

Outstanding Options:

A summary of the status and changes in the Company's outstanding stock options is presented below:

	Number of share options	Weighted average exercise price
Outstanding, September 1, 1999	1,535,000	$ 0.23
Granted	1,125,000	0.45
Exercised	(894,000)	0.20
Forfeited	(451,000)	0.20
Outstanding, August 31, 2000	1,315,000	0.45
Granted	825,000	0.78
Exercised	(70,000)	0.40
Forfeited	(190,000)	0.47
Outstanding, August 31, 2001	1,880,000	0.60
Granted	2,955,000	0.37
Exercised	(200,000)	0.35
Forfeited	(1,450,000)	0.69
Outstanding, August 31, 2002	3,185,000	$ 0.36

(Canadian Dollars)

8. Share capital, (continued):

(b) Options, (continued):

Outstanding Options, (continued):

The following table summarizes information about the stock options outstanding as at August 31, 2002:

Exercise price	Number outstanding	Weighted average years remaining	Exercisable at August 31, 2002
$0.34	70,000	3.00	35,000
$0.34	845,000	4.25	596,666
$0.40	200,000	0.42	200,000
$0.40	250,000	2.67	250,000
$0.40	1,360,000	4.75	1,160,000
$0.40	350,000	4.92	250,000
$0.50	70,000	4.50	--
$0.65	40,000	3.92	40,000
	3,185,000	4.15	2,531,666

During the year ended August 31, 2000, certain directors and officers exercised 750,000 options with an exercise price of $0.20 per share. Payment for these shares was made in the form of promissory notes totaling $150,000, as collateral for notes the Company is holding the 750,000 shares. These promissory notes are interest free and have no fixed terms of repayment. In the fiscal year ended August 31, 2002, a director and officer of the Company paid $2,000 for part of the note, as a result 10,000 shares were released.

Additionally in the year ended August 31, 2002, a consultant exercised 200,000 options with an exercise price of $0.35 per share. Payment for these shares was pursuant to an interest free promissory note, with terms of payment in full on or before December 31, 2002. Subsequent to this issuance, the consultant requested to cancel these shares and corresponding promissory note to which the Company agreed and executed the cancellations.

(Canadian Dollars)

8. Share capital, (continued):

(b) Options, (continued):

Options held by consultants:

Included in the outstanding stock option amounts above, are options that were granted to consultants, the details of which are outlined below.

	Number of share options	Weighted average exercise price
Outstanding, September 1, 1999	375,000	$ 0.20
Granted	200,000	0.35
Exercised	(60,000)	0.20
Forfeited	(165,000)	0.20
Outstanding, August 31, 2000	350,000	0.29
Granted	200,000	0.93
Exercised	--	--
Forfeited	(150,000)	0.20
Outstanding, August 31, 2001	400,000	0.64
Granted	615,000	0.39
Exercised	(200,000)	0.35
Forfeited	(200,000)	0.93
Outstanding, August 31, 2002	615,000	0.39

(c) Warrants:

Pursuant to a private placement completed during the year ended August 31, 2001, the Company granted 1,000,000 share purchase warrants to the subscribers thereof. Each warrant was exercisable into one Common Share of the Company at any time prior to December 22, 2001 at an exercise price of $0.60. In fiscal 2002 the Company obtained permission from the regulatory authorities to extend the expiry date to April 22, 2002. All warrants pursuant to this issue expired in fiscal 2002.

8. Share capital, (continued):

(c) Warrants, (continued):

As part of a prospectus offering completed in fiscal 2001, the Company granted an additional 1,948,624 warrants with an exercise price of $1.00 per share. Each warrant entitled the holder to acquire one Common Share at any time prior to July 2, 2002. All warrants relating to this issue expired in fiscal 2002.

In conjunction with the note payable conversion referred to in note 7 above, the Company issued 2,688,253 warrants with an exercise price of $0.75 and an expiry date of December 20, 2002.

Additionally in fiscal 2002, as part of a private placement completed July 15, 2002, the Company issued 3,750,000 warrants with an exercise price of $0.60 and an expiry date of June 30, 2003.

(d) Escrow shares:

As at August 31, 2002, 9,699,560 of the Company's issued shares are held in escrow and may not be released without the prior consent of regulatory authorities. The release of these shares is governed by certain conditions, including one share to be released for each $0.50 of cash flow generated from operations by the Company and a maximum of one-third of the original amount released in any calendar year.

Subsequent to August 31, 2002, the escrow agreement was converted to a time released escrow pursuant to a resolution passed at the Annual and Special Meeting of the Company held on October 15, 2002 (see note 16).

(e) Loss per share:

Basic loss per share is calculated using a monthly weighted average of shares outstanding. This calculation removes any shares held in escrow which as at balance sheet date are contingently returnable. The weighted average Common Shares outstanding for August 31, 2002 was 19,369,745 and for August 31, 2001 and 2000 were 15,789,640 and 12,806,962 respectively. The effect of the exercise of options and warrants outstanding would be anti-dilutive and therefore the numerator and denominator for the calculation of diluted loss per share are the same as basic loss per share.

(Canadian Dollars)

9. Commitments:

(a) Royalties:

As part of the purchase of the technical rights of the Uni-Seal sealant the Company agreed to pay vendor royalties on the amount of industrial coatings products sold at a rate ranging from $0.10 to $1.00 per gallon.

(b) Operating lease:

The Company has entered into an agreement to lease plant and office space for a period of five years commencing February 1, 2002, with one renewable option for another five years. The minimum rent payable for each of the next five years is as follows:

Year ended	Lease Payments
August 31, 2003	$ 77,314
August 31, 2004	80,910
August 31, 2005	82,169
August 31, 2006	84,956
August 31, 2007 (5 months)	35,960

10. Financial assets and financial liabilities:

The fair values of the Company's cash and short-term investments, accounts receivable, accounts payable and accrued liabilities and notes payable and accrued interest approximate their carrying values due to their short-term nature.

As at August 31, 2002, one customer accounted for 48% of total accounts receivable, net of allowance, (2001 - 80%, 2000 - 17%). The remaining accounts receivable relate to customers in North America. The Company does not obtain collateral or other security to support financial instruments subject to credit risk.

(Canadian Dollars)

10. Financial assets and financial liabilities, (continued):

The Company earns revenue and records accounts receivable in foreign currency translated to Canadian dollars at the time of the transactions. The Company does not use derivative instruments to mitigate the effects of foreign exchange changes between the recording date of the accounts receivable and the receipt of cash. These accounts receivable are short-term in nature. The effects of the foreign exchange changes are not significant and foreign exchange gains and losses are included in revenue.

11. Revenue:

Revenue for the year ended August 31, 2002 includes interest income of $3,730 (August 31, 2001 - $14,071, August 31, 2000 - $196).

12. Income taxes:

(a) Expected tax rate:

The expected effective tax rate for a public company in Alberta is approximately 39% (2001 - 40% and 2000 - 44%). The Company's recorded income tax expense (recovery) differs from the amounts computed by applying the Company's estimated income tax rate to the loss before income taxes as a result of the following:

	August 31, 2002	August 31, 2001	August 31, 2000
Loss before income taxes	$ (1,699,968)	$ (2,605,949)	$ (2,671,660)
Computed "expected" tax recovery	(663,000)	(1,042,000)	(1,176,000)
Change in valuation allowance	328,000	950,000	892,000
Change in enacted tax rates and use of tax rates of future years	386,000	188,000	--
Other, including permanent and U.S. tax rate differences	(51,000)	(96,000)	284,000
	--	--	--

(Canadian Dollars)

12. Income taxes, (continued):

(b) Net future tax assets:

The tax effects of temporary differences that give rise to significant portions of the future tax assets:

	August 31, 2002	August 31, 2001	August 31, 2000
Future tax assets:			
Non-capital losses carried forward-Cdn.	$ 2,334,000	$ 1,998,000	$ 1,375,000
Non-capital losses carried forward-U.S.	374,000	392,000	226,000
Capital assets, differences between net book value and undepreciated capital cost	102,000	81,000	117,000
Intangible assets, differences between net book value and cumulative eligible capital	551,000	696,000	511,000
Other	189,000	55,000	43,000
	3,550,000	3,222,000	2,272,000
Less valuation allowance	(3,550,000)	(3,222,000)	(2,272,000)
	$ --	$ --	$ --

The Canadian non-capital losses carried forward expire primarily from 2004 through 2009, while the U.S. non capital losses carried forward expire primarily from 2016 through 2022.

13. Segmented information:

The Company's activities comprise one business segment.

For the years ended August 31, 2002, 2001 and 2000, the Company's revenue includes sales to companies in the United States of $240,554, $139,320 and $140,442 respectively. Also, as at August 31, 2002, 2001 and 2000, the Company had capital assets with a net book value of $47,105, $167,052 and $229,379 respectively located in the United States.

(Canadian Dollars)

14. Statement of cash flows:

Supplementary information related to cash flows from operations:

	August 31, 2002	August 31, 2001	August 31, 2000
Interest paid	$ 7,743	$ --	$ (15,257)
Interest received	3,730	14,071	196

15. Government assistance, contingent liabilities and equity issue:

(a) Government assistance:

During the year ended August 31, 2001, the Company received $41,000 in government assistance which was netted against development expenses.

(b) Government assistance and contingent liability:

During the year ended August 31, 2002, the Company entered into an agreement with the National Research Council of Canada ("NRC"), to further develop the Company's Ve***rsi***on resin technology for the pultrusion and filament winding composite markets. This agreement falls under the NRC's Industrial Research Assistance Program ("IRAP") and allows for the Company to receive up to $400,000 over a two year period. These proceeds are for certain costs incurred by the Company in developing Ve***rsi***on F and Ve***rsi***on S resin systems, two products designed for flame retardancy and processing speed applications. These proceeds are repayable at a rate of 1.9% of gross quarterly revenues, earned during the period June 1, 2005 to March 1, 2010. If the Company has not repaid an amount equal to NRC's contribution by March 2010, the Company is liable to make payments of 1.9% of gross revenues until either the full amount is repaid or June 1, 2015.

As at August 31, 2002, the Company has presented to the NRC two claims totaling $37,620 which have been recorded in the Company's records as a receivable with an offsetting long-term liability. The $37,620 was received subsequent to August 31, 2002 in full.

15. Government assistance, contingent liabilities and equity issue, (continued):

(c) Government assistance and equity issue:

In the third quarter of fiscal 2002, the Company entered into a collaborative research and development agreement with the Alberta Research Council ("ARC"), to optimize the commercialization of the Company's Version G resin system. The ARC will provide up to $500,000 worth of research and development services to the Company in four installments of $125,000. In exchange for these services, the Company will issue to the ARC the equivalent monetary value in Common Shares of the Company. The agreement sets out the valuation of these shares at points in time.

The first instalment of $125,000 was received by the Company on August 30, 2002, and under the terms of the agreement the deemed price per share for this installment was set at $0.40 which entitled ARC to receive 312,500 shares. As at balance sheet date, these shares had not been issued, however in accordance with Canadian generally accepted accounting principals ("Cdn. GAAP") the Company has recorded the pending issue at its August 30, 2002 market price of $0.59 which in resulted in an additional expense of $ 59,375.

16. Subsequent events:

(a) Change in Stock Option Plan:

Subsequent to the balance sheet date, the Company held its Annual and Special Meeting on October 15, 2002 in Edmonton. At the meeting the disinterested shareholders approved the adoption of a new stock option plan for the Company. Disinterested shareholders are those shareholders who are neither directors nor senior officers of the Company nor associates of the directors or senior offices of the Company. This plan limits the issuance of stock options to a maximum of 6,740,000 Common Share options, which at the time, represented approximately 20% of the Company's issued and outstanding Common Shares.

16. Subsequent events, (continued):

(b) Change in Escrow Agreement:

At the Annual and Special Meeting of the Company held on October 15, 2002 in Edmonton, disinterested shareholders voted in favor of amending the terms of the Performance Escrow Agreement as allowed by the Canadian Securities Administrators and the TSX Venture Exchange polices. Under the amended agreement, the 9,699,560 Common Shares held under the Performance Escrow Agreement are subject to release on a time basis. The first release from this agreement allows for 484,978 Common Shares, on a pro rata basis to be released on April 15, 2003, subject to the approval of the TSX Venture Exchange. The balance of the shares will be releasable over a period of six years with releases allowed every six months. The maximum number of Common Shares that can be released at any time is 10% of the then current issued and outstanding Common Shares.

(c) Letter of agreement with Canzeal Enterprises Ltd.:

On December 2, 2002 the Company announced it had entered into a letter of agreement with Canzeal Enterprises Ltd. ("Canzeal"),to acquire the worldwide right, title and interest in and to all intellectual property assets of Canzeal relating to the design, manufacture and distribution of composite poles. In exchange for this intellectual property and associated rights the Company will issue Canzeal 3,000,000 equity units of the Company consisting of one Common Share and one-half warrant, each whole warrant entitling the holder to acquire one Common Share at an exercise price of $0.75 per share at any time on or before the first anniversary of the closing date of the acquisition. The deemed price per the agreement, for these units has been set at $1.5 million. This agreement is subject to regulatory approval and certain conditions precedent, including the Company raising a minimum of $1,000,000 and a maximum of $3,000,000 through an equity or debt offering. Pursuant to the agreement the purchase is expected to close on or before March 15, 2003.

Pursuant to this agreement, the Company for a period of four years from the closing date, will pay Canzeal a royalty equal to 3.5% of the gross sales of composite poles manufactured by the Company using the intellectual property and rights mentioned above. Additionally, the Company will pay Canzeal one half of any royalties generated by the Company's licensing of the property to a third party up to a maximum of 3.5% of gross sales.

16. Subsequent events, (continued):

(c) Letter of agreement with Canzeal Enterprises Ltd., (continued)

The Company will also grant Canzeal a right of first refusal to build manufacturing equipment based on the intellectual property to produce the composite poles. Additionally, the Company will pay Canzeal 50% of any profits generated from the sale of such equipment provided by Canzeal, provided that Canzeal does not charge the Company more than 5% more than any bona fide quote the Company receives from a third party to the equipment.

(d) Private Placement of 6,000,000 equity units:

On December 2, 2002 the Company issued a press release announcing its intention to issue a maximum of 6,000,000 equity units consisting of one Common Share and one Common Share warrant at a price of $0.50 per unit. The Common Share warrant will entitle the holder to acquire one Common Share at an exercise price of $0.75 per share subject to adjustment in certain events, at any time on or before 4:30 p.m. (Edmonton time) on the first anniversary of the closing date of the private placement.

Management disclosed that the proceeds from this private placement will be used to establish a fully operational Canadian based manufacturing facility, infrastructure and marketing/sales team to commercialize the manufacture and sale of compost poles by June 30, 2003.

17. Reconciliation with United States generally accepted accounting principals:

The Company follows Canadian generally accepted accounting principles ("GAAP"), which conform in all material respects with those in the United States ("U.S."), except as described below. The paragraphs below describe the exceptions and the impact thereof, while the tables that follow summarize the financial impact on the Company's net loss, deficit and affected balance sheet items.

17. Reconciliation with United States generally accepted accounting principals, (continued):

(a) Intangible assets:

The Company under Canadian GAAP has recorded intangible assets related to development costs and the purchase of technology rights. Under Canadian GAAP, certain development costs are deferred and amortized on a systematic and rationale bases. Under U.S. GAAP, such amounts are expensed as incurred.

These differences under U.S. GAAP result in a reduction in expenses of $1,062,648, $689,561 and nil for the years ended August 31, 2000, 2001 and 2002 respectively.

(b) Write-down of capital assets:

Under Canadian GAAP, the write down of capital assets to net recoverable value may be done by estimating its future cash flow together with its residual value. Under U.S. GAAP, the write down would require discounting of future cash flows. During the years ended August 31, 2002, 2001 and 2000, the Company has recorded a nil, $45,552 and $103,116 write-down of capital assets, which would not be materially different under U.S. GAAP as the write down was based on what the value of the assets would be if the item would be sold currently between willing parties.

(c) Revenue and cost of sales:

Under U.S. GAAP, interest income for the year ended August 31, 2002 of $3,730 (2001-$14,071 and 2000-$196) would be excluded from revenue and included under expenses (and other income).

Under U.S. GAAP, the Company's $244,567 write-down of inventories in the year ended August 31, 2000 would be included in cost of sales.

17. Reconciliation with United States generally accepted accounting principals, (continued):

(d) Stock based compensation:

Under Canadian GAAP, there is no requirement to record compensation expense on the issue of stock options or stock to employees, directors or consultants. Under U.S. GAAP for stock and stock options issued to employees the Company has adopted the intrinsic value-based method of accounting prescribed by Accounting Principles Board ("APB") Opinion No. 25, "Accounting for Stock Issued to Employees", and related interpretations. As such, compensation expense is recorded on the date of grant only if the current market price of the underlying stock exceeds the price the employee or director is required to pay. Under U.S. GAAP, stock options issued to consultants and other third parties are accounted for at their fair values in accordance with SFAS No. 123.

The Company pursuant to an employment contract committed to issue 80,000 common shares to an employee over the period July 1999 to August 2000. The impact under U.S. GAAP using the intrinsic value-based method was additional compensation expense of $78,000 and $26,000 for the years ended August 31, 2000 and 1999, respectively.

The Company issued stock options to employees and directors during the years ended August 31, 2000 and 1999 where the market price at the date of grant exceeded the exercise price. The impact under U.S. GAAP using the intrinsic value-based method is additional compensation expense for the years ended August 31, 2002, 2001 and 2000 of nil, $15,412 and $25,288 respectively.

In fiscal 2002, the Company re-priced 70,000 stock options granted to employees, as a result these options became variable options under U.S. GAAP. Therefore, under U.S. GAAP for the year ended August 31, 2002 the Company has recorded additional compensation expense of $5,833.

The Company issued stock options to consultants. The impact under U.S. GAAP using the fair value method is additional compensation expense for the years ended August 31, 2002, 2001 and 2000 of $70,147, $12,478 and $37,435 respectively. As at August 31, 2002, there is $127,706 in deferred compensation expense to be recognized in future periods in respect of these options.

17. Reconciliation with United States generally accepted accounting principals, (continued):

(e) Comprehensive income (loss):

U.S. GAAP requires the disclosure of comprehensive income (loss), which is intended to reflect all changes in equity except those resulting from contributions by and distribution to owners. Comprehensive income (loss) incorporates net income (loss). The Company has no items that impact comprehensive income (loss) other

(f) Shares to be issued:

As at August 31, 2002, the Company has 312,500 shares with a value of $184,375 to be issued pursuant to an agreement with the Alberta Research Council ("ARC", see Note 15 (c)). Under Canadian GAAP these shares are recorded as share capital, while under US GAAP they would be recorded as a liability until such time that the shares are actually issued.

(g) Statement of cash flows:

The statements of cash flows prepared in accordance with Canadian GAAP would not differ materially form those principles used in the United States.

(Canadian Dollars)

17. Reconciliation with United States generally accepted accounting principals, (continued):

Impact on net loss:

The application of U.S. GAAP differences described above would have the following effect on the Company's net loss reported under Canadian GAAP:

	August 31, 2002	August 31, 2001	August 31, 2000
Net loss in accordance with Canadian GAAP	$ (1,717,968)	$ (2,605,949)	$ (2,671,660)
Adjustments for:			
Intangible assets, net of related amortization	13,241	689,561	1,062,648
Stock granted to an employee	--	--	(78,000)
Variable options	(5,833)	--	--
Stock options granted to employees and directors	--	(15,412)	(25,288)
Stock options granted to consultants	(70,147)	(12,478)	(37,435)
	(62,739)	661,671	921,925
Total comprehensive loss	$ (1,780,707)	$(1,944,278)	$(1,749,735)
Basic loss per common share in accordance with U.S. GAAP	$ (0.09)	$ (0.12)	$ (0.14)

(Canadian Dollars)

17. Reconciliation with United States generally accepted accounting principals, (continued):

Impact on deficit:

The application of U.S. GAAP differences described above would have the following effect on the Company's deficit reported under Canadian GAAP:

	August 31, 2002	August 31, 2001	August 31, 2000
Deficit, Canadian GAAP	$(10,284,359)	$ (8,566,391)	$ (5,960,442)
Adjustments for:			
Current year adjustments to net loss	(56,906)	661,671	921,925
Cumulative effect of prior year adjustments to net loss	(5,800,584)	(6,456,422)	(7,378,347)
Deficit, U.S. GAAP	$(16,141,849)	$(14,361,142)	$(12,416,864)

Impact on balance sheet items:

The following is a comparison of the balance sheet items determined in accordance with Canadian GAAP to balance sheet items determined in accordance with U.S. GAAP:

	August 31, 2002		August 31, 2001		August 31, 2000	
	Canadian	U.S.	Canadian	U.S.	Canadian	U.S.
Intangible asset:	$ 35,497	$ 35,497	$ 13,241	$ --	$ 702,802	$ --
Deferred compensation	--	127,706	--	26,771	--	27,890
Current liabilities	184,153	368,528	506,358	506,358	485,198	485,198
Share capital	11,384,507	17,185,828	9,082,178	14,890,459	7,432,422	13,213,932
Deficit	(10,284,359)	(16,141,849)	(8,566,391)	(14,361,142)	(5,960,442)	(12,416,864)

In addition, the opening share capital at September 1, 1999 would have been $12,657,319 under U.S. GAAP as compared to $7,044,422 under Canadian GAAP. The Company's opening deficit at September 1, 1999 would have been $10,667,129 under U.S. GAAP as compared to $3,288,782 under Canadian GAAP.